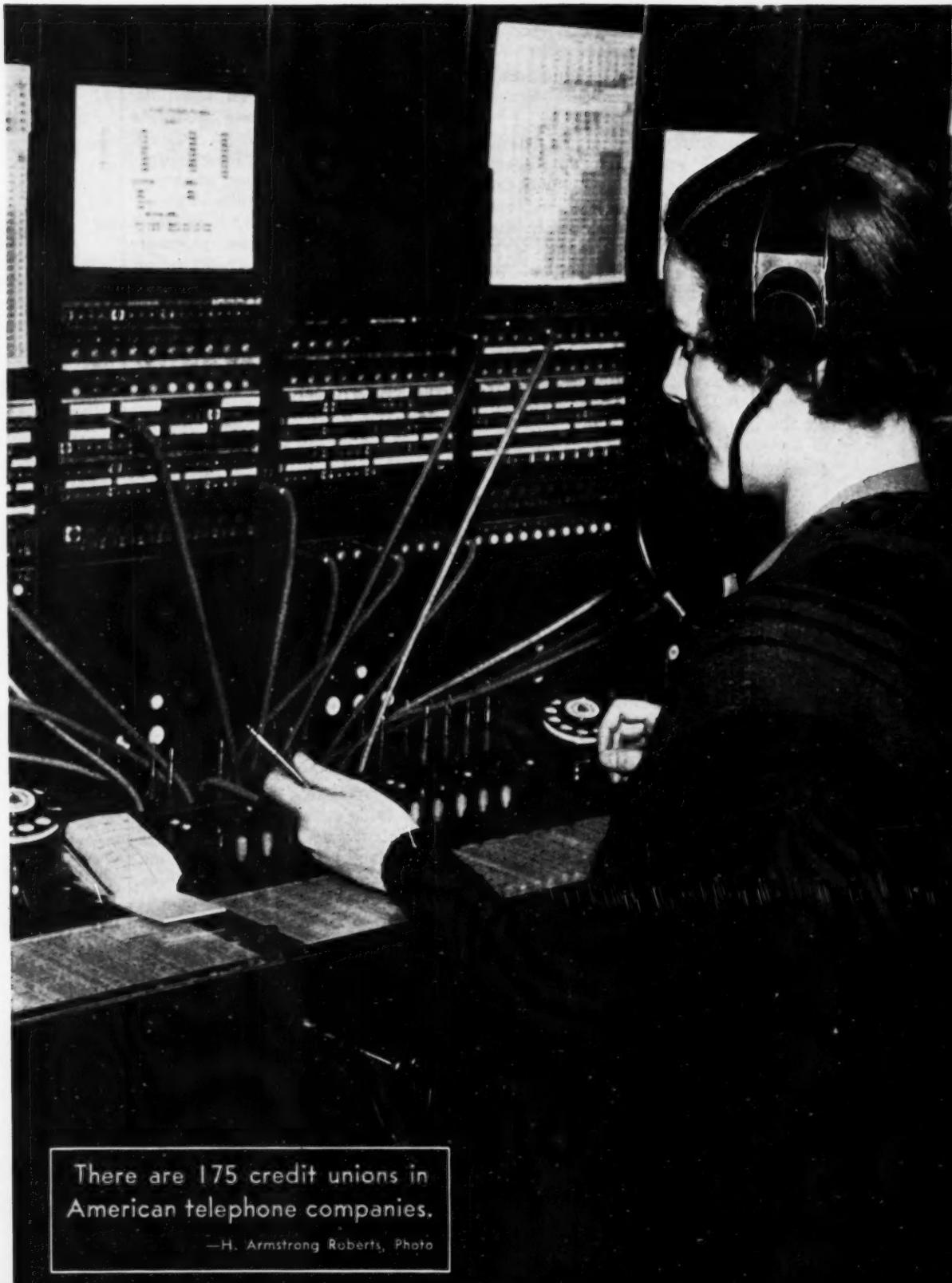


# The BRIDGE

## The Credit Union Way to Economic Betterment

Official  
Publication  
of the  
**CREDIT UNION  
NATIONAL  
ASSOCIATION**  
Inc.



There are 175 credit unions in  
American telephone companies.

—H. Armstrong Roberts, Photo

APRIL, 1943

# THE BRIDGE

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official publication of

THE CREDIT UNION NATIONAL  
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Raiffeisen House, Madison, Wisc.

J. ORRIN SHIPE, Editor  
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## What Is a Credit Union?

**A**CREDIT union is as important as the vision of the people who organize it. It may be a means of combating usury. It may be a convenient and humane way of saving money and making loans at low rates. Or it may be the foundation of a better and fuller community life. It may be the bridgehead of democracy on the forbidding coast of finance. What it shall be is up to the members.

It is organized like a club: one member one vote, with officers elected from the membership.

It is organized for a particular group: people working for the same employer; people who are members of the same church, labor union, fraternal order; people who live in the same small community.

Membership is open to anyone in the group, regardless of race, color or creed.

The credit union is used by its members to accumulate their savings and to make loans to each other from their savings. A board of directors elected by the members controls the policies of the credit union. A treasurer appointed by the directors takes care of the business details. A credit committee elected by the members passes on applications for loans. Each year in an annual meeting the members review the business of the credit union and vote on policies.

The financial soundness of the credit union is safeguarded in several ways: by incorporation under State or Federal law, by a supervisory committee which periodically inspects the books independently of the treasurer, by an annual examination of the books by State or Federal authority and by bonding the treasurer and all other officers who handle money.

Since the credit union is run like a club—with most of the members being acquainted with each other, officers serving for the most part without pay and the expenses of doing business quite low—the credit union is an economical source of credit. Interest rates are never higher than 1 per cent per month on unpaid balance, while loan companies charge as high as 3½ per cent per month. Thus a credit union loan of \$100 paid off in ten months would cost \$5.50 in interest, while the same loan from a loan company would cost as much as \$19.25.

Credit union earnings are used to defray expenses, to set up a reserve

fund against uncollectible loans and to pay dividends on savings accounts. Losses in credit unions have been remarkably low, averaging about one-tenth of one per cent; the feeling of loyalty to the credit union, which after all is just a group of friends and acquaintances, accounts for this.

Loans may be made for any purpose which is to the member's benefit—any "provident or productive purpose." Common reasons for borrowing include paying off old bills, buying for cash rather than on installments, taxes, medical bills, funeral expenses, home repairs, farm equipment, vacations, wedding expenses, education, helping a friend and so on. Laws vary as to how much a credit union may lend to any one member, but it is common for a credit union to lend as much as \$2,000 with security; and it is common for a credit union to lend as much as \$200 on the borrower's signature.

**T**HE credit union, it should be remembered, is primarily a cooperative association of people who want to help each other out. It can rescue its members from high-rate money lenders, it can save money for its members in many minor transactions, it can serve as a helpful adjunct of a church, farm community or labor union, it can offer social activity and an outlet for the creative ability of its members. A well-knit credit union, with active members and sympathetic officers, can help its members through almost any emergency: sickness, unemployment, crop failure, strikes, disasters.

Every effort should be made to bring as many members as possible into the credit union. Every effort should be made to give them an intelligent understanding of how their credit union works. It should always be remembered that a credit union, for maximum strength and effectiveness, needs equally able officers and membership aware of its rights.

There are ten thousand credit unions in the United States. They are organized in forty-eight State credit union leagues, which are associated in the Credit Union National Association. The State leagues and the National Association maintain field men, publications and numerous other services designed to help credit unions in their operations and to assist in the organization of credit unions wherever the need exists.

## Recommended for Chapter Discussion—

### Members and Patrons Racine Consumers Co-op

can borrow money for Income and Property Taxes or any worthwhile purpose at a low rate of interest.

**Life Insurance Carried on all borrowers;**

in case of death or total disability, loan is automatically paid up.

**CO-OP CREDIT UNION**

1528 Twelfth Street

Jackson 536

### Members and Patrons Racine Consumers Co-op

Loans at lower interest rates at  
Co-op Credit Union

Cash Loan	Monthly Payment		
	3 pay'm't	6 pay'm't	12 pay'm't
\$ 50	17.00	8.63	4.44
100	34.00	17.21	8.88
200	68.00	34.50	17.77

See the treasurer

**CO-OP CREDIT UNION**

1528 Twelfth Street

Jackson 536

### YOU

can borrow money for Income and Property Taxes or any worthwhile purpose at a low rate of interest.

**Life Insurance carried on all borrowers;**

(at no cost to you)

in case of death or total disability, loan is automatically paid up.

**CO-OP CREDIT UNION**

1528 Twelfth Street

Jackson 536

## These Three Ads

have got results for the Co-op Credit Union of Racine, Wisconsin, at a cost of \$10 monthly

**N**EWSPAPER advertising is not necessarily an expensive way of building a credit union. In a small city, newspaper advertising rates are often low. The Co-op Credit Union of Racine, Wisconsin, whose advertisements are reproduced above, has been using the classified columns of a local paper once a week since last October. The cost to the credit union has been about ten dollars a month, and the results, says Treasurer Harold Gade, have been very gratifying—"We have held our loan balance practically constant, around \$50,000, since we started advertising."

Several facts about this advertising campaign should be noted, however:

1. The credit union, being a co-op credit union, has a potential membership covering the entire community. This makes the advertising effective with every reader. If your credit union is more limited in membership, you probably cannot expect to swing an advertising campaign single-handed. Possibly a cooperative advertising campaign supported by a group of credit unions through their chapter would be more effective for you. If a central telephone number can be given to handle all inquiries, so much the better.

2. Small space is used. To many people, advertising that is not big-time stuff, with pictures and lots of space, seems insignificant. Not so, however. If you have \$100 to spend, it is probably wiser to spend it on a series of small ads rather than on one big one. There is always the chance that your big \$100 ad will appear on a bright warm evening when all newspaper readers decide to go out for a picnic and forget the newspapers. There is the chance that a big news story will

dominate that issue of the paper, detracting from the interest of your ad. Small ads in series have a number of advantages: they have a cumulative effect, by the law of averages they reach readers at more favorable moments, they are less of a gamble, they can be tested in various ways to find the most effective sales message (interest rates? loan protection insurance? non-profit features?), they give stability to loan demand.

3. Copy is business-like. This credit union does not try to express a philosophy of life in its advertising; it realizes that the first duty of a co-operative association is to compete on a business-like basis. Loyalty to a credit union is usually the result of the sense of cooperative ownership, but people are usually attracted in the first place by economic advantages. Advertising is most effective when it appeals to the pocket-book; education

in credit union philosophy is a longer, harder job.

The Racine Co-op Credit Union has also used radio spot announcements; the local price for this service is \$2 per announcement. Results of this have also been good.

To any credit union or credit union chapter that is interested in carrying on such a program, THE BRIDGE makes these suggestions:

1. Check up on the price of classified advertising in your local papers.
2. Check up on the cost of small display advertisements.
3. Find out how much it costs to advertise in the classified section of your telephone book.
4. Look into spot announcements at your radio station.
5. Consider the cost of bookmatches, calendars, etc.

You will probably find that you can work out an advertising campaign for \$20, or \$50, or \$100. Whatever you decide to do, do it with the idea of getting your money back. Enter advertising cautiously; find out what works and what doesn't work. There is no sure-fire formula to make advertising pay—but advertising does pay

A lot of small ads have more punch than a single big one

### Don't Pay High Rates To Loan Sharks!

Credit unions charge only 1 per cent per month. The Credit Union is your best defense against racketeers.

Cash Loan	Monthly Payments		
	3 pay'm't	6 pay'm't	12 pay'm't
\$ 50	17.00	8.63	4.44
100	34.00	17.21	8.88
200	68.00	34.50	17.77

**Life Insurance Carried on**

**all borrowers;**

in case of death or disability  
your loan is automatically  
paid up.

**Blank Credit Union**  
City 1030

Everybody knows—  
It's better to borrow  
from your Credit Union

**Blank Credit Union**  
City 1030

### Your Loan Insured

If you die or are disabled,  
your credit union loan is  
automatically paid up. No  
cost to you or your estate.

**Blank Credit Union**  
City 1030

Small ads can be tested cheaply. When one shows itself to be especially productive, it can be run again and again with good effect.

**Join a Credit Union  
and own your own bank!**

Blank Credit Union  
City 1030

**Need money for doctor  
bills? It's better to bor-  
row from your Credit  
Union**

Blank Credit Union  
City 1030

when you find the right way for you.

Advertising addressed to the general public will be different from advertising addressed to your members. Keep the difference in mind. Remember that the general public will be interested in these things: What are the interest rates on loans? Are loans confidential? What is loan protection insurance? Who can borrow from a credit union? Who gets the profits? How are savings protected in a credit union? Who belongs to credit unions? Who are the officers?

If you decide on advertising in a local newspaper, talk it over with somebody in the paper's advertising department. He will tell you what days of the week are the best for advertising. He will undoubtedly tell you that you mustn't expect tremendous results from one ad—which is true. However, don't on this basis commit yourself to a program that will hurt you if it doesn't get results. Remember that every business has its own peculiarities, and nobody will ever be expert in running or advertising your credit union but you.

**Credit Union loans are  
made at cost; profits  
are returned to members**

Blank Credit Union  
City 1030

**Four Million Credit  
Union Members  
can't be wrong.  
Borrow, save, the  
Credit Union way—  
your defense against  
loan-shark racketeers.**

Blank Credit Union  
City 1030

**Need Money?**  
Credit Union rates are low  
—1 per cent per month on  
unpaid balance.

Cash Loan	3 paym't	6 paym't	12 paym't
\$ 50	17.00	8.63	4.44
100	34.00	17.21	8.88
200	68.00	34.50	17.77

Blank Credit Union  
City 1030

**Borrow, save, in your  
Credit Union. Profits are  
returned to members.**

Blank Credit Union  
City 1030

**Need money for taxes?  
It's better to borrow  
from your Credit Union**

Blank Credit Union  
City 1030

**Need Money?**  
Everybody knows, it's bet-  
ter to borrow from your  
Credit Union.

Blank Credit Union  
City 1030

## Speaking of Costs:

Here is a comparison of advertising rates in Madison, Wisconsin (peacetime population—65,000).

**A**DVERTISING in Madison, Wisconsin, is not expensive. This is significant, for Madison is typical of a large group of American cities between 50,000 and 100,000 in

population. Population of Madison before Pearl Harbor was 65,000; now, with unrevealed numbers of air corps radio men, naval radio men, Waves and factory workers newly settled in town, it is a good deal above that. Advertising rates, however, have not changed.

Madison has two daily newspapers of approximately equal circulation. When you advertise in both papers, you reach over 60,000 subscribers in Madison and far out into the rural districts. One inch of display advertising taken in both papers will cost you \$1.95. (Display advertising is advertising other than classified.) You cannot chose your own position for your ad, but you may run different copy in each paper, and you may use bolder type than is used in classified ads.

One inch of advertising space in the classified columns costs \$2.75 in both papers. This would place a credit union ad in among the regular ads.

Everybody knows—

**IT'S BETTER TO BORROW  
FROM YOUR CREDIT UNION**

There are 00 credit unions in  
Cityville.

For further information, telephone  
Cityville 4302

This ad in the classified phone book  
would cost \$1.50 a month.

vertising of loan companies. Which position is better is not known at present; loan companies use classified space every night in the week, every week in the year, supplementing it with display advertising at special seasons. It is far cheaper per inch when used every day.

Rates are reduced when you sign up for more than one ad. For example, if you run the same display ad once a week for four weeks, it costs you \$1.80 an inch. If you run a four-inch ad for four weeks, it costs you \$1.75 an inch. To get a reduction in classified rates, you have to run oftener during the week: run your ad three days and the cost is \$2.17 an inch. Run it seven days in the week and the cost is \$1.45. In other words, classified rates go down much faster than display rates; the catch, so far as a credit union is concerned, is that total cost per week goes up quite rapidly.

**W**HAT is the reasonable estimate on newspaper advertising, then? Let's say your chapter wants to run a campaign based on these rates. Say it is content to run a two-inch display ad on alternate Sundays (Sunday is a day when most people read their papers attentively). To smooth this

**EVERYBODY KNOWS—**

# **IT'S BETTER TO BORROW FROM YOUR CREDIT UNION**

You can join — For information call C.4302

This painted sign, nine feet by nineteen, would cost \$15 a month on one of Madison's busiest corners.

program out a bit, it schedules its ad for one paper this Sunday and the other paper next Sunday. It can change the copy in the ad as often as it likes. (Naturally, when an ad is effective, you will run it again and again until it doesn't work any more, on the theory that there are always people who have overlooked it, or seen it but not been interested at the moment).

This 12-month advertising program would cost the chapter \$93.60. If no advertising was run during the months of July and August, the cost would be reduced to \$77.40. Or if you wanted to try a test campaign on this basis during the months of May and June, you could do it for \$14.40.

Let's compare this with other advertising rates. The classified telephone book is another possible medium for your advertising. To get your name listed in the classified book will cost you 25 cents a month in Madison. You would pick the classification yourself—and no doubt you would pick the section headed *Loans*. If you wanted to take a one-inch box in the column of alphabetical listings, that would cost you \$1.00 a month. If you wanted to run a display ad on the same page with these listings, one-quarter of a column would cost you \$1.50 a month. One-half column would cost you \$2.75 a month. One-half page would cost you \$5.75 a month. Just how effective this advertising is you would have to find out somehow; undoubtedly you would not want to start by spending much money. In the Madison classified telephone book, eleven organiza-

tions are listed under *Loans*, but only three take advertising space in addition to their listing. But there are five loan companies making regular use of the newspaper classified columns, so you suspect that they get better results from the papers.

**M**ADISON has one major radio station. Spot announcements on this station are a popular advertising medium. (A spot announcement is a commercial plug for an advertiser who does not sponsor a program.) Many local businesses take spot time on popular programs—news broadcasts, an early morning record program, between network programs, and so on. One spot announcement costs you \$5 by day or \$7 by night. You get a reduction in rates if you contract for five announcements within 24 hours—3 daytime and 2 nighttime; the total cost is \$20. You get some choice of time, but not much; the station naturally tries to avoid scheduling the advertising of two competitors in the same fifteen minutes.

There is another possible advertising medium in Madison—outdoor advertising. Billboards will be increasingly good as summer comes along, of course. Reduction in pleasure driving has made billboards less effective along country highways, but in town a billboard on a busy street is as good as ever. You can put up a painted sign in Madison, on the corner of State, Johnson and Henry, for \$15 a month if you contract for the space for three months. You will get a space 9 feet by 19 feet; the sign will

## **DON'T PAY HIGH RATES TO LOAN SHARKS!**

Credit unions charge only 1 per cent per month on unpaid balances. No hidden charges, no fines; profits are returned to members. Join now. Your credit union is your best protection against racketeers. There are 00 credit unions in Cityville, including—

Municipal Employees Credit Union  
Trowel Factory Employees Credit Union  
Firemen's Credit Union  
School Teachers Credit Union  
Meatmarket Credit Union  
Co-op Credit Union  
Carpenters Union Credit Union  
Bus Drivers Credit Union  
Retail Clerks Credit Union  
Dentists and Doctors Credit Union  
Farm Implement Employees Credit Union

*For further information,  
call Cityville 4302*

*This ad in the classified book would  
cost \$2.75 a month.*

be painted for you; and the total cost to you will be \$45. This corner is one of Madison's busiest, being near the two biggest theatres, several important department stores and a number of specialty shops.

How to choose between these methods of advertising may puzzle you. No Madison credit union has ever used radio spot announcements, billboards or the classified telephone book. In the absence of such experience, the safest advice might be to plan something that won't cost much and see how it works.

One credit union in Madison has done this. The Co-op Credit Union recently put on an advertising campaign in connection with income taxes. It's a small credit union, with 150 members out of a potential of roughly one thousand co-op patrons; realistically, however, its potential membership is the entire city, since all the people in town can be Co-op patrons. Its assets at present amount to slightly under \$10,000.

Two advertising efforts were made—one to interest old members, one to attract new ones. The first took the form of a blotter mailed to all patrons of the Co-op reminding them that they could borrow from the credit union to pay income taxes. The second took the form of three advertisements run in the local newspapers.

The blotter cost \$7.55 to print in the quantity of 1,000. It cost practically nothing to mail since it was sent with Co-op advertising material. It reached, in other words, 1,000 people at a cost of about seven-tenths of a cent apiece. How many of them read it, how many of them placed the blotter on their desks, is anybody's guess.

Two of the ads run in the local papers were display ads; one was a classified ad. These ads were by necessity brief; one showed a flexible payment table; the classified ad said simply, "Everybody knows—It's better to borrow from your credit union." All three, of course, carried name, address and phone number. The total cost of these three ads was \$10.55. Running Sunday, Monday and Tuesday preceding March 15, they reached the hands of 180,000 newspaper purchasers (figuring 60,000 circulation each day) with nobody knows exactly how many extra readers for each paper in Madison's homes. How many people saw each ad, however, and how many people actually read each ad, is again anybody's guess. However, you can figure that each ad got to 180,000 people, whether or not they read it, at a cost of less than one one-hundredth of one cent apiece.

But it is obvious that a higher percentage of people are going to see a

#### SAMPLE RADIO SPOT ANNOUNCEMENT— 103 WORDS

Don't pay high interest rates to loan sharks! If you need money, go to your credit union. Credit unions charge only 1 per cent per month on unpaid balances. There are no hidden charges, no fines. Profits are returned to members.

There are fifty credit unions in Cityville. You are probably eligible to membership in one of them. Join a credit union now—save, borrow, the credit union way. Join a credit union and own your own bank.

For information about what credit union you can join, call Cityville 4302 tomorrow. Look in your classified telephone book under Credit Unions—call Cityville 4302.

For five spot announcements in 24 hours you would pay Madison's leading radio station a total of \$20.

blotter that is mailed to them than a two-inch ad in the paper. What actually happened in response to the advertising?

Eleven people called the credit union as a result of the newspaper advertising. Two of them joined and took out loans; both, incidentally, were known to members of the credit committee as responsible people. The total loaned to these two was \$685, which should produce an income of at least \$35 during the coming year.

Meanwhile the people who had received the blotters applied for loans in the amount of \$1,300. Assuming that all this volume was a result of the blotter, none of it being normal seasonal loan demand, we can attribute a potential interest income of \$75 to the blotter. Comparing costs in this way is difficult, however; it is possible that the blotter produced none of the volume we attribute to it; it is possible that some credit union members were affected by the ad in the papers. In any case it is clear that the ad in the paper paid for itself, since it cost less than a third of the interest income it produced; and it seems likely that the blotter paid for itself, since at the most favorable estimate it cost only one-tenth of the interest income it produced.

Other credit unions in town also benefitted by this advertising. Among the telephone calls the Co-op Credit Union received were several from people who were potential members of other credit unions; these were

referred to their own groups.

Reproduced with this article are several sample ads. Some are for newspapers, classified telephone books, radio spot announcement, outdoor advertising. THE BRIDGE does not guarantee any of them. They are presented merely as samples of what you might do at low cost. There has never been enough credit union advertising aimed at the general public for us to know what will work and what won't work. There is no formula for successful advertising any more than for running a successful credit union; but it is safe to recommend that you should never stick your neck out too far but should never pull it in all the way either. You have to take some risks; if you're healthy, you want to.

Assuming that a credit union chapter includes ten credit unions interested in a cooperative advertising campaign, the cost would not be great. A program like that described earlier in this article, with a two-inch newspaper display ad running each Sunday in one paper, would cost a total of \$93.60 for the year; the cost to each credit union would be \$9.36. A central phone number would have to be set up; somebody would have to be ready to answer inquiries and direct people to the credit union to which they are eligible. Probably the safest thing would be to test such a campaign for two months; the cost of this, split between ten credit unions, would be \$1.44 apiece under Madison rates.

# The Known Market After the War

Reprinted from Nation's Business

AMERICANS will buy 2,590,000 new automobiles within six months after the day the war ends. This estimate is the result of a consumer survey sponsored by the Chamber of Commerce of United States.

But this estimate only points to the potential demand of today. Demand is expected to rise sharply as automobiles now on the road grow older and as American fighting forces break ranks after their Victory marches.

The survey reveals that 53 per cent of the families interviewed have in mind specific purchases of durable goods after the war and that there already is a demand for \$6,000,000,000 worth of new homes.

It shows that 56 per cent of the families are building up purchasing power by saving money now, that 43 per cent will have an accumulated annual saving of ten per cent or more of their income, and that 19 per cent are saving for specific post-war purchases.

Automobiles lead the demand. Next come mechanical refrigerators with 1,715,000 families on the waiting list—a list indicated by translating survey results into national figures.

A total of 1,260,000 plan to buy washing machines. Approximately the same number have decided on new stoves, radios, living room furniture, bedroom furniture, rugs and carpets.

Another 1,050,000 intend to buy vacuum cleaners, 600,000 have decided on sewing machines, 1,015,000 have made up their minds on electric irons, 735,000 are planning to buy new dining room furniture, and 385,000 have decided on buying electric kitchen mixers.

Only the decisions of families are reflected by these figures. Needs of apartments, tenant-occupied houses and commercial buildings are not included.

Skyrocketing rises in some classifications may be expected. The demand for radios and for electric irons, for example, seldom occurs very long ahead of purchases.

More than 1,000,000 families have decided to build or buy new homes in the first six post-war months. A third of them expect to get their houses for \$3,000. Twenty-six per cent plan to spend \$5,000. Twenty-four per cent will go as high as \$10,000, and seven



**2,590,000**  
**new automobiles**



**\$6,000,000,000**  
**in new homes**



**1,715,000**  
**mechanical refrigerators**



**735,000**  
**dining room sets**



**1,050,000**  
**new vacuum cleaners**



**1,260,000**  
**new washing machines**

per cent expect to go higher than that. The other ten per cent haven't yet decided what they will pay.

Of each ten families who own their

homes, 3.4 plan improvements in the immediate post-war period. Six of every ten land-owning farmers also plan improvements.

## Virginia Names Webster

Garland Webster has been appointed managing director of the Virginia Credit Union League on a part-time basis until it is possible to appoint a full-time executive. Hurst Owen, Jr., who formerly held the post, has been employed for some time now in a Richmond defense plant.

## Gilbert Resigns Post

Loren Gilbert, recently appointed managing director of the Wisconsin Credit Union League, has offered his resignation effective April 1. Mr. Gilbert plans to give his full time to farming.

## In the Press

An article entitled "Thrift and Credit in Teacher Credit Unions" appeared in the January issue of *The Tennessee Teacher*. It was written by Hassell R. Hood, managing director of the

## Tennessee Credit Union League.

An article on "Credit Unions" appeared in *Tide*, February 1. *Tide* is a trade paper in the advertising field.

## Rygh Leaves Section

Milton J. Rygh, familiar to many as assistant director of the Federal Credit Union Section, has stepped out of that position to join the Bureau of the Budget.

## Cooperative Saving Suspended

*Cooperative Saving*, bi-monthly publication of the Federal Credit Union Section, has suspended publication.

## Telco Changes Name

The Wisconsin Telephone Company employees' credit union, Milwaukee, formerly known as Telco Credit Union, is now to be known as the Wisconsin Credit Union.

# Why Workers Join Unions



Men found in the thirties that they couldn't afford to quit over a grievance.

This study by two organizers for the CIO Steel Workers union is full of meaning for the credit union movement.

**W**ORKERS, like other folk, need a means of self-expression and an outlet for their creative drives. In the case of John Rider these other essentially psychological or noneconomic needs went begging for more than three decades. John brought a committee of five into our Pittsburgh office in March, 1937. They were not from a steel mill, but from a cork plant that employed seven hundred men and four hundred women. John's committee worked in the original plant of an internationally known cork-products firm. Its personnel policy and paternalistic practices had been cited by management as an ideal example for years. Wages were high for this type of light work. The forty-hour week and overtime pay had prevailed since 1933. Liberal vacations were granted. The employee-representation plan had been advertised as being the ideal form of labor organization. Social affairs were held regularly for employees and their families. Knowing all this, we were skeptical about John's claims that his fellow workers wanted to form a CIO union. We gave him, however, a batch of petitions addressed to the CIO, authorizing it to bargain for the signatories. We instructed John's committee not to return until a substantial majority signed the petitions. Frankly we did not expect to hear from them for some time, if again.

A week later John returned with his committee enlarged to thirty. It consisted of all the representatives and

By Clinton S. Golden and  
Harold J. Ruttenberg

Reprinted from "The Dynamics of Industrial Democracy," Harper & Brothers, New York, 1942. \$3.00.

alternates of the company union who, that morning, had voted to dissolve it. John returned the petitions with over one thousand signatures. The committee demanded that we call a membership meeting—which we did with misgivings, because the previous day management had advanced wages five per cent. John Rider had been with the company continuously for thirty-two years, having started when he was twelve years old. He was a subdued individual, small, quiet, and a little gray at the temples. He was chairman of the company union and commanded the respect of his fellow workers. Why should this seemingly cowed man, we asked ourselves, lead a revolt against the management that admittedly had treated him so well?

The meeting was a surprise. The men seemed to have brought their wives and children, the women their husbands, the girls their boy friends, and the boys their girl friends—at any rate, many more than a thousand persons crowded into the hall. This was a Cork Workers Town Meeting, the first time these cork workers and their kinsfolk had ever been together for serious purposes. Membership meet-

ings were not allowed under the company union. John was unable to act as chairman and turned the gavel over to the scheduled speaker.

A sound moving picture of the meeting would have contained more than enough material for a dozen movies and a score of novels. Organized discussion was impossible. The only business transacted was the election of a small negotiating committee. The only speaking one of the authors did was with a gavel. The time was consumed by more than five score of workers. Some spoke only a sentence, while others took as much as twenty minutes. Once a speaker got the floor it was his. Each worker, with feeling or brilliant humor or both, just recited personal experiences in the plant that he or she did not like. Some of the more humorously told personal incidents virtually threw the audience into hysterics.

"It's about time something like this happened," a comely girl said. "We have got to stand on our own feet. They do everything for you but provide you with a husband, and I even know girls who they got husbands for. And them what ain't got time to get pregnant, they get foster kids for."

"They lay out my work with so many instructions," a middle-aged man complained, "that there's nothing left for me to figure out for myself. The only reason they keep half of us there is 'cause they ain't discovered a machine yet that would take our place."

A member of the committee, who later irritated the plant manager considerably, said, "When the company

does you a favor, they think they own you body and soul for the rest of your life." And he cited a few examples to make his point.

In their faces, as they alternately applauded, cheered, booed, and stamped their feet on the floor, one could see the same kind of emotionally satisfying expression visible in the faces of huge audiences at intensely absorbing athletic contests. The chairman, after five and one-half hours, was able to adjourn the meeting only by promising another one three nights later. The next meeting was as well attended and lasted an hour longer. It was a repeat performance, except that one of the authors had half an hour to explain the contract he and the negotiating committee were going to submit to the management. This was the only organized business transacted. Before the final contract was signed, five meetings lasting a total of thirty-odd hours were held in one month.

The key to the meaning of this phenomenon lies not alone in the nature of the meetings but in two incidents involving John Rider. During the conferences the plant manager took issue with John on whether the company could grant further wage concessions. "You do not know whether we make or lose money on natural cork," he said to John, "And you should accept our word for it that it's a losing part of the business."

John rose to his feet. Up to this point he had been listening mostly. In contrast to his naturally quiet manner he rushed to the manager's desk, pounded it to emphasize his words. "You've done my thinking around here long enough; from now on I'll have you understand I've got a mind of my own and, the Lord permittin', I intend usin' it."

Halfway back to his chair, John swirled around and returned to the desk to pound out another sentence. "You're makin' money on natural cork, and if you think I'm too dumb to figure that out you're the biggest lunkhead I ever knew."

THE other incident took place several months later. The "Little Steel Strike" was on, but it made little difference to John Rider and his fellow workers. They had won their victory, and were enjoying it. They rented a large river steamer and took their members and their families—this was virtually everyone eligible for union membership—for a day's ride on the Ohio River. John told us about this afterward. "We sure had one swell boat picnic. Everyone had a great time; no one was hurt. We managed it all by ourselves. Not a single bit

of help did we get from management and, boy, we didn't want it. And we made expenses."

John Rider joined the union in his forty-fourth year to give a meaning to his personality, to overcome a feeling of personal inadequacy, and to find a means of self-expression—all of these things having been denied him by his rigid industrial life. He was hardly conscious of the motives that moved him into union membership; nevertheless, he was moved deeply. John was confident that he could think for himself and manage things for himself, and he derived extreme personal satisfaction in proving this confidence in himself justified. He was no longer that anonymous person whose only distinction was that he had worked for the same company more than thirty years, but the head of a union to whom his fellow workers looked. After all these years John was somebody, and it made him happy. You could see it in his eyes.

INTERTWINED with the motives for union membership is the almost universal desire of workers to tell the boss "to go to hell." The causes that manifest themselves in this desire are rooted deeply in the personal lives of workers—in their psychology, and in their social situation—which, in turn, are influenced materially by economic factors. An inquiry into these causes goes back to the time when jobs were plentiful. During the first World War and the nineteen twenties job opportunities permitted workers the freedom to quit when the boss insulted or humiliated them, or when the work was not to their liking. The statistics on labor turnover bear this out. This freedom gave the individual worker a feeling of internal strength. It made him independent. He could maintain his pride and dignity. He had the power to tell the boss off instead of having to suffer personal indignities because of fear of going without a job indefinitely. The individualism of workers, so evident in the twenties when union membership reached a new low point, grew out of this relative freedom of action.

Then this changed, and a revolution in industrial relations followed so fast that management and unions are trying still to catch up with it. The individual worker was compelled to "eat crow" when his boss jumped him, rightly or wrongly. He had to swallow his pride when he was "given hell" in front of his fellow workers. His dignity was reduced to low levels. Because of his family responsibilities he dared not do anything that might cost him his job. To speak up to the boss was one of these things, or it was

feared to be. A complaint, or hint of dissatisfaction, about wages or working conditions to a boss only brought the rebuff "if you don't like it here, you can quit." Deprived of their one great individual strength—to change employers—workers groped in the depression for another source of power. Gradually, as jobs became fewer, working time was curtailed, and relief was forced on them, they found a new power in group action. What they could no longer achieve as individuals, they found they could do by joining together. The National Industrial Recovery Act in 1933 merely accelerated the process, it having been pregnant in the national economy. The progressive and large-scale organization of labor unions ever since indicates the extent to which workers have begun to lose their individualism and acquire a group consciousness.

The dynamic quality, the militancy, and the crusading spirit of the labor movement, especially of CIO, in the last decade were nurtured by the failure of management to satisfy the non-economic needs of workers. The rise of industrial unions and the large-scale development of collective bargaining date back not alone to the chaotic economic conditions in the 1932 depression but equally as much to the day in that depression when workers realized they no longer enjoyed the freedom of action to tell their boss off, quit, and pick up a job elsewhere. As we look back upon the scores of union meetings we attended and spoke to in the last decade, the purpose they served becomes clear. Here workers would come—and they came in droves—to cheer a speaker for denouncing the boss, whom they dared not denounce face to face.

BACK in the plant, significantly, most workers kept their tempers and held their tongues. They left the name calling and "the spouting off to the boss" to the few workers who, for a number of reasons, took the union leadership. This factor accounts for the belligerent type of local union officer in the early stages of collective bargaining. Management, in many instances, believes it would not have a union if it were not for a few disgruntled employees, but the way in which all of its employees strike to secure the reinstatement of one when management fires him soon shows the error of this mistaken belief.

Of the three motives for union membership—psychological, social, and economic—the latter is most commonly recognized. Workers want to improve their economic status, to secure a larger portion of the proceeds

of production, and to make their lives more secure. The economic motive does not require either elaboration or illustration because it is so well known. What is necessary is a critical examination of the doctrine that the economic factors are all-dominating, even exclusive, in union-management relations.

To look upon industrial unrest and the formation of labor unions as springing primarily from economic factors is an oversimplification of the problems of human relations. The basic needs of the human beings who make up American industry's working force are threefold:

1. Economic—an adequate plane of living and the necessary amount of job and wage protection.
2. Psychological—the personality needs of freedom of action, self-expression, and creative outlets.
3. Social—the ties and bonds of group relations and community life.

Workers seek these three things in their jobs. When they fail to find satisfaction for all of these needs, or any one of them, in their daily work, they seek the fulfillment of the unsatisfied need or needs outside. This finds expression in many forms of individual and group activity. We are concerned solely with the manner in which workers seek a well-rounded life through union membership, and the extent to which they find satisfaction of their threefold needs through their unions. Union membership is not an escape or a substitute satisfaction, but a means for workers to find direct satisfaction in their daily jobs for economic, psychological, and social needs.

Which is the most important motive is an academic question. The practical consideration is that all three are important; no matter why a man or woman in industry says he or she is doing a certain thing at a given time, that person is moved at the same time by psychological and social factors as well as by economic ones. All three motives are enveloped inside of human beings, are at work in varying degrees and in different ways, and are inseparable from those persons who are moved by them. To take out one motive and examine it, and then another, is often misleading because it leaves the implication that the other motives are less crucial. We discuss the psychological and social motives separately since the economic one is so widely recognized and easily discernible, and not because it is less important.

Union meetings serve as safety valves for the emotional systems of workers. The things that make these workers explode with such emotional



The Detroit Postal Employees Credit Union won the uniform of ball-player Billy Rogell with the purchase of \$100,000 worth of War Bonds. Left to right: F. H. Alliston, Mrs. Gurden P. Farr, Billy Rogell.

### Saskatchewan League Seeks Affiliation

The Saskatchewan Credit Union League has made formal application for affiliation with the Credit Union National Association. The application will be acted upon by the CUNA executive committee at its next meeting.

### North Dakota's Youngest

Born in the morning, credit union member by evening—that's the story on young Diane Louise Rygg, who entered this world February 2. Her par-

ents promptly enrolled her in the Portland (North Dakota) Credit Union, and the *North Dakota Union Farmer* thinks it's a record for the State.

### Good War Bond Record

The E.S.E.O. Federal Credit Union of Oklahoma City has sold 50 per cent more in War Bonds than the total of its savings balances. It has 230 members, of whom only 132 live in Oklahoma City; share accounts amount to \$14,598.54; but Bond sales (as of January 1, 1942) totaled \$22,031.50, cost.

outbursts are deep-rooted in the "system of corporate industrial dictatorship and discipline" under which they worked. Like the blissful days of matrimony, the satisfactions workers secure from their first union meetings soon wear off and they seek lasting ones. The labor union then becomes an instrument through which workers seek to replace the "system of corporate industrial dictatorship" with one along democratic lines. The extent to which the industrial life of workers shall be governed by democratic principles is what most of the shooting is about.

Henry Ford once said, "All men want is to be told what to do and get paid for doing it." That is dictatorship, and American workers do not want it. Mr. Ford has learned since that men want a voice in what they do and that they want to participate in determining how they are to be paid for doing

it, and how much.

Industrial peace lies at the end of three converging paths rather than at the end of any single one. The psychological, social, and economic needs of the human beings who make up America's working force must all be satisfied. Labor unions are indispensable in the fulfillment of these needs because they can be satisfied only through group relations. Unions are peculiarly adapted toward this end since they serve workers as a means of self-expression, as a socially integrating force, as a provider of economic benefits, and as an instrument for participation in the productive process. Management by itself, through individual relations with workers, cannot satisfy all three needs. Nor can unions alone. The joint efforts of both are required to provide workers with a well-rounded environment, a happy, prosperous, and secure life.

# What About It?

## ANSWERS TO YOUR QUESTIONS ON CREDIT UNION PRACTICE

### No War Clause

**Question (from Indiana):** We have been informed that the Cuna Mutual Insurance Society does not have a war risk clause. But we understand that loans which are delinquent six months are not collectible from the Cuna Mutual Insurance Society by the local credit union in case of the death of the borrower. Is that true? Or is that a misunderstanding?

In case the above is true and that our local credit union made a loan to a member who was afterwards inducted into the armed services, and a moratorium was declared on such loan, would the moratorium have the effect of stopping any existing delinquency in repayments as of that date?

These questions are vital ones as the status of the registrants change so rapidly that it is hard to keep track of the reclassifications by the individuals themselves.

Credit committees are being subjected to certain pressure to reduce or deny loans to young men without dependents on account of their liability to be called at any hour or day. Young men with dependents are being called quite often.

Credit committees being human do not like to set aside any part of our citizenry and treat them as an underprivileged class. The men who are being called to the armed services are going to be denied a lot of things that will be as free as ever to the ones who stay at home. What they may have to endure is hard to dwell upon. Churchill's "Blood, Sweat and Tears" is entirely too mild.

**Answer:** The Cuna Mutual Insurance Society does not include a war clause in its policies. However, you have misunderstood the Cuna Mutual policy as in case of death or disability the Society pays to the credit union (if the credit union is insuring all its loans by using the AA plan) the unpaid balance of the loan, regardless of whether this balance is delinquent or how long it may have been delinquent. The six-months clause you refer to pertains to interest and specifies that the Society will pay the unpaid balance of the loan and a maximum of six months' delinquent interest, but will not pay the interest which is delinquent more than six months.

According to our records your credit union is insuring all its loans

By Tom Doig

with the Cuna Mutual under the AA plan and you are paying premiums on all balances each month. Any man in the armed service is covered no matter where he is and if he is disabled or dies at any time the unpaid balance of the loan will be paid by the Cuna Mutual Insurance Society and delinquent interest from the date of the last principal payment to date of death or disability will be included for a period of not to exceed six months. A moratorium on these loans declared by the credit union does not affect the Cuna Mutual Insurance Society and its payments insofar as the unpaid balance of the loan is concerned.

There is no excuse for the members of a credit committee to deny the privilege of borrowing to a man simply because he may be called into the military service. Loans should be made as usual and when a man is called into the military service a moratorium should be declared on that loan. The loan should be insured with the Cuna Mutual Insurance Society and premiums on the insurance should be paid by the credit union during the entire period of the man's service. These are the least things we can do for those of our boys who are fighting to maintain the credit union and the other institutions upon which our freedom is based and from which all the rest of us derive a benefit. A man does not become dishonest because he enters the military service of his country. He is in the last analysis ready to offer his life to protect the assets of the credit union along with all the other privileges we enjoy under democratic government. The least we can do at home is to be willing if necessary to go without a dividend or two or to even take a small loss of money. After all, the men in the service are, as stated, ready to give their lives to protect us and our homes, our families, and the assets

of our credit unions. We should do everything possible to lighten their burdens. Their lives are really worth much more than the assets of all our credit unions and yet they are ready to sacrifice these lives for the benefit of those of us who remain at home. We should at least be ready if necessary to sacrifice our entire savings. This matter has been seriously considered at two different meetings of the Board of Directors of the Credit Union National Association and in each case a unanimous recommendation has been made to credit unions that they continue their loan service as is and that the service be made available to men who are about to enter the military service. The National Board has even gone further and has said that when possible we should offer our loan service to the relatives and dependents of these men who are left behind.

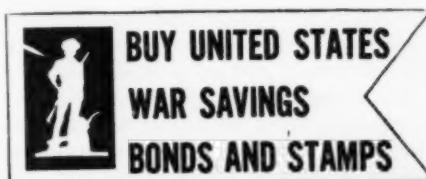
### Investing in Bonds

**Question (from Ohio):** Ours is just a small credit union, having assets of \$1,500.00, and having been in operation only six months, but we would like to cooperate in the War Bond program as much as possible.

Would you please advise which would be the better bond for our investment—the Series F or Series G. Also explain how we could become issuing agents for Series E bonds.

**Answer:** Since your credit union has only \$1500 of assets it would seem to me that you are not faced with an investment problem of any kind. Surely the \$1500 would all be needed in taking care of the loan demand of your members. Although we in the National Association are anxious that credit unions should help the war program in every possible way, we do not want credit unions to invest in War Bonds the money which is needed to take care of its members' borrowing needs. The Government itself is not in favor of this.

If you do have some money your credit union wishes to invest in bonds, then I would suggest that you invest in Series F bonds. In order to become an issuing agent for Series E bonds just write to the nearest Federal Reserve Bank advising them that your credit union would like to become an agent for these bonds and requesting that they send you the necessary information.



# Decks Cleared for Action

WE'VE been at war for fifteen months.

Even before the war the credit unions were obliged to readjust to its near approach. Regulation W, designed to accelerate the conversion of industry to munitions manufacture, preceded the war. It cut very seriously into credit union business. The credit union movement has responded eagerly to every sacrifice incidental to winning the war. This is a war for democracy. The credit union is the symbol of democracy. Well has it been said that to winning this war the credit union pledges "every penny of credit union treasure—every drop of credit union blood."

Now, however, we have had fifteen war months. We know pretty well just what the reaction of the credit union to the war is. We have learned that our process must be just the same as that of a battleship going into action. We must clear our decks and be ready to fight. Therefore this is a good time to pause long enough to see just what that process involves.

In the first place we must appreciate that we are fighting for democracy and that the credit union is the symbol of democracy. We, on the home front, must not lose our symbols. We must see to it that this war realizes the democracy which is its primary objective. Therefore we, in the credit unions, must first make a solemn resolve that we will bring the credit union through this war stronger than ever.

We had hundreds of liquidations in 1942. Despite this fact, we ended the year with more credit unions than we had at the beginning of the year. During the month of March, 1943, thirty-three new credit unions were reported in. There are two facts disclosed by this experience which we must appreciate. (1) Many of these liquidations were due to panic, to fear, to the war jitters, to inability to fight the war the right way. It now behoves the State Leagues and CUNA to see to it that there are no more liquidations of this character. We must get across by sustained, united educational effort what everyone knows; and yet a certain fact which we are prone to forget as soon as we have to adjust to unusual conditions. War is an abnormal interruption of the usual way of life. The usual way of life is peace. This war will end and, when it is over, the credit union is going to have a bigger job than ever to do. Whatever else happens we must pro-

We have been at war fifteen months. Are credit unions getting properly adjusted to the abnormal times through which we are passing? The author of this article thinks some of us are and that all of us will.

By Roy F. Bergengren

tect our credit union charters. They have great value. They must no more be surrendered that should our armies in Africa surrender. Neither should surrender—because both are going to win. Let's make a sustained effort to get that single fact across. (2) This is a good time to be organizing credit unions. A report from the Florida League summarizing a month's work includes, in the summary, three (3) new credit unions and five (5) dissuaded from liquidation. To all intent and purposes the League added eight (8) new credit unions by this process. The War Department has recently sent a communication to all army posts, including air fields, urging credit unions of civilian employees. The Catholic clergy are increasingly interested in credit union organization. There is no falling off in the inquiries received at Raiffeisen House. It is true that it is more difficult to organize right now; it is not true that it is impossible. We must guard against assuming states of mind about such matters. I have talked with many of our leaders in recent months. Some are plugging away, refusing to think in terms of surrender. Some—a very few—are afraid. They are taking the lead in discouraging normal progress when they should be way out in front, urging their troops on to Victory.

Lets make a solemn resolve: (1) no more liquidations; (2) more new credit unions for 1943.

Of course it is a fact that our earnings are badly off. Here again we should think constructively. We're all for Regulation W if it is needed to help win the war and so long as there is a war we shall cheerfully accept the determination of those who have the say in the matter of the usefulness of Regulation W as a war measure. We take this attitude in the confident conviction that the Regulation will be repealed as soon as the war is over. Let us look at Regulation W as we look at the war, as a temporary interruption of the normal way of credit union life. Lets stop worrying about it except that we

unite to see to it that it is eliminated when peace comes.

But—does Regulation W mean the strangulation of credit union earnings? Certainly not! Let us give thought then to streamlining the credit union for war, to clearing our decks for action. That means to approach our present loans problem constructively.

Let us assume, again cheerfully, that we have more money than we need for our present loans business. What can we do with it?

First is the matter of War Bonds. Are we doing the best possible job we can with war bonds? It is difficult to tell. Credit unions may invest to an extent of \$100,000 per annum. Many of our larger credit unions, with idle funds, are not invested in war bonds up to their limit. They should so invest right now. If they are not issuing agents they should become issuing agents. If they have no plan for selling war stamps they should develop such a plan.

Our first job is to help win the war. Money will supply the tools of war. We are organizing the finest military machine in history, to use the tools. Lets first look to our war bond programs and be very certain that we are delivering the goods 100%.

As this is being written the Illinois League is working up a War Bond drive as a feature of its annual meeting which will probably produce between two and a half and three million dollars of new War Bond investments. That's the kind of talk the Axis powers will understand; it's the kind of action which is disturbing Hitler's dreams. Every League and every Chapter and every Credit Union should work with every local War Bond Committee, actively, eagerly, persistently, and productively—to get every possible penny of War Bond investments from our credit unions and our credit union members.

That's the first big gun for us to turn on the enemy as soon as our decks are cleared for action.

Some credit unions have large amounts of idle cash even after making the maximum war bond investments. No one knows accurately how much credit union cash there is lying idle in banks but it would total mil-

lions of dollars. Every credit union law permits certain investments over and above loans to members. Every credit union should know what these investments are. Better a safe 3% return on our now idle money than to have it hanging around, with its hands in its pockets, doing nothing. Here's a fascinating new job for credit union boards of directors—to study and find out just what we can do with money which is now doing nothing.

Finally—what of our loan business?

**R**EGLATION W doesn't prohibit us from doing most of our usual business. We received word the other day of the experience of one very large credit union (assets of \$3,000,000) during that hectic week preceding the first income tax payments. This credit union, in loans and withdrawals, supplied to its members over three quarters of a million dollars to enable them to pay the first quarter of their income taxes. How many of the readers of this article listened over the radio or read about the debates in Congress which had to do with the unhappy fact that great numbers of working people had to go to loan sharks in order to pay the first installment of their income taxes? What did your credit union do during the income tax paying period? Did you perform the maximum service? If not, will you clear your decks for action so that you can perform the maximum service prior to the payment of the next quarter?

Now let's look at folks for a minute. Your credit union is composed of just plain folks. Are they all working at abnormal wages? They are not. The various polls disclose that great proportions of working people have had no wage increases. These folks have had to meet higher costs of living; they want to buy war bonds; they are having a 5% cut for Victory taxes; they are face to face with greater future cuts for taxes. They are determined to see this war through. Many folks have seen their sons leave good jobs to fight for us in the armed forces at small wages.

These folks need credit union service more than they ever did. The credit union must liberalize rather than contract. It must interpret Regulation W constructively, interpreting close cases in favor of the borrower, not in favor of the Regulation. We are a service organization. There is still ample opportunity for service.

Let us look at a few of the reasons for credit union loans right now which would not be described necessarily as remedial. After the war there will be, for example, a great building boom. There will be new ways of

building small homes. Home owning will, for the first time in history, come within the range of great numbers of people who have hitherto thought of home ownership as a lovely but unrealizable dream. But a home calls for a home-site. Now is the time for the ambitious man who wants to build after the war to be getting the land. He can borrow from the credit union and have his land paid for so that, when he gets around to building, he will have the equity he needs in order to build. And while speaking of land—how peculiar (and very sad) it is that many times, when death comes in a family, the family is so unprepared. They haven't even a burial lot, let alone the price of the funeral. Buying a burial lot isn't a particularly cheerful job but it is a job which has a certain degree of inevitability attached to it. This is the time, when everyone is feeling O.K., to get that particular chore out of the way. The credit union will lend the money.

We still have the old problem of getting rid of an accumulation of old debts through consolidation in the credit union. We, most of us, should be getting very thoroughly overhauled physically right now when we can. Some of us need new teeth, some corrective operations, some to help our boy or girl correct some physical defect which can be corrected now and may defy correction later on. Let's encourage our members to do all these things.

And when the war is over Mr. John Doe is going to want a new car if his car is in the shape mine is. He is going to want the refrigerator which he promised his wife and couldn't deliver because the war came. There will be a thousand and one things he will want to do. Possibly his house needs paint and repairs the way mine does. We can loan him the money to paint the house now and we surely can give him the savings machinery which will enable him to have available when the war is over the money with which to do the things he will then very much want to do.

And your member knows that dividends are no longer important. They should in no case exceed from 2 to 3% and I know some credit unions which are paying no dividends and having no bad reaction. It will be much more important that the member have at the end of the war substantial savings, represented by war bonds and credit union shares and deposits.

From this point on to the end of the war it will be the ingenious credit union which will make the best showing. It's no use trying to operate on a normal basis. Times are abnormal. We are fighting the greatest war in

history. We are going to pretty much arm and equip the forces of democracy and feed the world. It's given those of us who remain at home in this war the fullest opportunity to serve in it. We serve by accepting every rationing rule cheerfully and by having a little Victory garden if we can scare up a bit of dirt some place. We serve by resisting the temptation to horde. We serve by giving until it hurts to the Red Cross. We serve by buying war bonds to the limit. We serve by writing many letters to men in the service whose only contact with home is the letters we write. We serve by keeping cheerful, by resisting the inclination to be Monday quarterbacks; who know how to fight the war better than our generals who are on the spot. We serve by following faithfully our chosen leaders whether they belong to our political party or not. We serve by working at civilian defense. We serve by giving our blood, knowing that our armed forces are giving their lives. We serve by keeping our mouths shut when we accidentally hear something vital and by doing our job, day by day, to the best of our all-out 100% ability. And in the credit union we serve by watching over the families of the men who have gone, by buying bonds and by helping every war effort. We serve, too, by keeping our chins up, by taking the war with a grin and by getting our heads together in credit union meetings to make sure that our credit unions are still performing the maximum loans service possible under war conditions.

**T**HREE are hundreds of thousands of credit union members in the various branches of the service. We are proud of our credit union army. Credit unions have already moved way over a hundred million dollars of war bonds. It isn't enough—but it's fine just the same. Our decks are getting cleared for action.

And we, in the credit union movement, should never forget that Hitler has destroyed the credit union wherever he has marched with his goose-stepping automatons. The credit union is the expression of the right of man to work out his own problems in co-operation with his brothers; it dignifies man in his relationship to his own destiny. Hitlerism destroys the individual by making him surrender his rights as a free man to the domination of a State bent on the conquest of the world.

These two ideas are at grips.

We, in the credit unions, are fighting first for America and second for the credit union, the symbol of democracy in the world.

# The Tenth Anniversary Approaches

THE Credit Union National Association came into being at Estes Park, Colorado, on the tenth day of August, 1934. One year from the coming August, if times are sufficiently normal to permit, that date should be properly celebrated by a pilgrimage to the land of our birth. If the war is still then in progress, this pilgrimage will doubtless be advanced a year on the calendar. In either event we can reverse the old adage—"in time of peace prepare for war" to read, for the purposes of this article "in time of war prepare for peace." It is not too early to be thinking in terms of the tenth anniversary of the Estes Park Conference.

The genesis of the Credit Union National Association was contained in Edward A. Filene's planning for the credit union movement. When the Credit Union National Extension Bureau was organized in 1921 it had very few but very definite objectives. The first of these was the legislative program. We knew that we could only predicate a truly national credit union development on a truly national system of credit union legislation. Thought was given at the time to the possible attainment of this objective by the enactment of a Federal credit union law. It was decided not to then attempt Federal legislation because it was felt that the educational work, incidental to credit union development in any given State, would have to be done anyway and that the easiest way to get on with this educational process was by making a campaign for a State law. The second objective was to organize in each State on the enactment of a law enough credit unions to make a central league possible in that State. The final objective was CUNA—enough credit union leagues to make a strong national association possible.

It took one sheet of paper to accommodate this program when it was typed. It took from 1921 to 1934—thirteen years before these three objectives had been approximately accomplished. In this connection the new credit union many times does not appreciate that it owes its existence to two circumstances; to the generosity of Edward A. Filene who, between 1921 and 1934, spent nearly a million dollars from his private purse to make the program of the Credit Union National Extension Bureau possible and, two, to the circumstance that, true to the tradition Mr. Filene established, there is always someone available to

Did you know that the Credit Union National Association will be celebrating its tenth anniversary a year from the coming August? History was written at Estes Park, Colorado on August 10, 1934.

Herein are the highlights of the story, told by a participant.

help a new credit union through the organization process, as a disinterested public service.

By 1930 enough progress had been made so that the coming of CUNA could be easily foreseen. The first practical suggestions for a meeting to adopt a National Constitution and By-laws came at a conference which followed the Illinois State League annual meeting at Chicago on March 17, 1934. It was found at the League meeting that there were one or more persons in attendance from eight different states, quite the largest representation ever assembled at a League meeting. A meeting of these unofficial representatives was held. The bill to create a system of Federal credit unions was then pending before Congress and the day of the meeting Roy F. Bergengren, then managing the Bureau for Mr. Filene, was in constant touch with Washington where the Federal bill was up for debate in the Senate; at the same time he was trying to assist in the conduct of this all-important conference which was to prove preliminary to the organization of CUNA. It was the unanimous opinion of those present that a meeting should be held and, on the suggestion of Claude R. Orchard, who had spent some very pleasant vacations at Estes Park, Colo., it was decided to hold the meeting there, asking those invited to synchronize their vacations so as to be able to attend. The date was fixed for August 7 to 11, 1934. Estes Park was also chosen because it is a popular vacation spot and near enough the Pacific Coast and the middle west to assure good attendance.

Four days were assigned to the meeting because it was felt that those who might attend could hardly allot more than that amount of time to it. There were then credit unions in thirty-eight States and leagues in only five of them. Invitations were sent to eighty men and women who had performed conspicuous credit union service in their various states and fifty-two acceptances were received. These delegates came from twenty-one states and, when the first meeting was called to order on the seventh, it was found that five distinct forms of constitutions and by-laws had been drafted in ad-

vance of the meeting, one by the Illinois delegation, one by Mr. Donahoe of Massachusetts, one by Mr. Rentfro of Missouri, one by Mr. Norman of New York who, while not able to attend the meeting, had prepared a form of organization which Mr. Bergengren submitted in his behalf. The office of the Credit Union National Extension Bureau had also prepared a draft. It was the fact that much preliminary thought had been given to the work of the meeting that made it possible to complete the task in the short period of time allotted.

There were long, crowded sessions. When the day's work was done Committees would go into session and work most of the night. The surroundings were inspiring and helped materially to keep everyone conscious of the very sacred responsibility which they had undertaken.

There were many problems to be solved at the meeting. Possibly the most debated issue had to do with whether we would operate as a profit organization or look for our support to dues. It was finally decided to assess dues on a per capita basis. The method of representation offered difficulties and it was determined that each State should have a single National Director with one additional director, to a maximum of five in any given case, per unit of population, thereby combining the ideas of the National House and the National Senate.

There is an interesting story connected with the signatures. No one had provided a sheet of parchment for the signatures, which called for a hurried trip to printing offices in various towns in the nearby mountains until at last a printer was located who, as he expressed it, had "been stocked with a few sheets of parchment for twenty years, waiting for some fool to come along and buy a sheet." After the meeting Harold Winchester of Albany, New York, one of the delegates, volunteered to have a copy of the Constitution and By-laws printed on parchment and this copy, with the signature sheet attached, is now proudly displayed in a glass and mahogany case in the national office at Madison.

It was decided that an intensive

effort should be made to organize leagues and to get the Constitution ratified with the objective of the first national board meeting at Kansas City, Missouri, in the following January.

The story of the next few crowded weeks, when the leagues were being hastily organized, is another chapter of CUNA's fascinating history.

## The Annual Meeting

The 9th Annual Meeting of the National Board of Directors of the Credit Union National Association, Inc., and its affiliated bodies will be held on Saturday and Sunday, May 15 and 16, 1943, at the Sherman Hotel, Chicago, Illinois.

It will be preceded by a meeting of the Executive Committee of the National Board which will be held also at the Sherman on Tuesday and Wednesday, May 12 and 13.

As by law required, the annual meeting and election of the CUNA Mutual Insurance Society will be held at Madison, Wisconsin, at the Loraine Hotel, on Friday, May 14th, with a meeting of the Board of Directors at 9 A.M.

The polls will close in the CUNA Mutual Board election at 4 P.M. on May 14th.

The annual meeting of the members of the CUNA Supply Cooperative will be held at some time either during this period or immediately after the meeting of the National Board, also at the Sherman Hotel, Chicago, Illinois. Notice will be sent to the members as soon as the exact hour is determined.

In anticipation of the meetings it is important that the national office be notified as early as possible as to the exact personnel of the national board from each State. *Each state is entitled to the usual representation at the meeting.* A new form of credentials has been sent to Managing Directors of State Leagues which should be executed promptly, one copy to be retained by the National Director and brought to the meeting by him as evidence of his authority, the other sent to the national office for their files. In similar fashion credentials have been sent to each League Managing Director covering representation at the meeting of the CUNA Supply Cooperative.

Reservations offer great difficulty this year and anyone planning to attend any of the meetings and requiring reservations should notify CUNA's office promptly, indicating nature of reservations desired, time of arrival and of departure.

**THE BRIDGE—April, 1943**

## Coming Events

### April 10

South Dakota Credit Union League Annual Meeting, Sioux Falls.

### April 10

Annual meeting, Missouri Mutual Credit League, Hotel Continental, Kansas City.

### April 10

Annual meeting, Illinois Credit Union League, Hotel Sherman, Chicago.

### April 10

Annual Meeting, Pennsylvania Credit Union League, William Penn Hotel, Pittsburgh.

### April 17

Annual Meeting, Indiana Credit Union League, Hotel Claypool, Indianapolis.

### May 1

Annual meeting, Massachusetts Cuna Association, Boston.

### May 8

Annual meeting, Minnesota Credit Union League, Radisson Hotel, Minneapolis.

### May 8

Annual meeting, Iowa Credit Union League, Cedar Rapids.

### May 12, 13

Spring meeting, Executive Committee, Credit Union National Association, Chicago.

### May 14

Annual membership meeting, Cuna Mutual Insurance Society, Madison, Wisconsin.

### May 15, 16

Annual meeting National Directors, Credit Union National Association, Chicago.

## The Very Idea!

I was never so incensed in my life as when the mail brought me an offer from a finance company to liquidate my credit union. The very idea! Liquidate indeed!

Now that I have cooled off a bit, I realize that that offer and my response to it expressed perfectly the difference between a finance company and a credit union—the former out to get the cash, the latter out to demonstrate how ordinary men and women can help each other in the most democratic way yet devised.

Every one of us is aware of the difficulties which the times have brought to our credit union, but we have our county and state and national organizations for just such hours as these. This is their opportunity to stand by the individual credit union with advice and aid. I have perfect confidence that they will if I have need to call on them and hope none of our fellow credit unions are going elsewhere.

The credit union has a peculiar part to play in the preservation of democracy and I, for one, am determined that it shall have the chance to make that very real contribution to total victory, by continuing its services to the greatest extent possible. "Liquidate" is a good financial term but it has come to have a hand-on-your-throat connotation which I don't like. No, Mr. Finance Company, you'll not help liquidate my credit union.

—Frances Jelinek,  
*Wisconsin Credit Union News*

The greatest safety valve to alleviate discontent in any country is the right to expound ideas, advocate governmental reform and criticize public officials or governmental institutions.  
—W. P. HUNT.

## Assets: One Billion

How important a part of American industry finance is, is clearly shown by a list of billion-dollar corporations compiled by the United Press and recently reprinted in the *Congressional Record*. Of the 32 corporations in this country with a billion or more of assets, 18 are primarily financial—banks and insurance companies. The list follows:

Company	Assets, 1941
Bell Telephone System	\$ 5,893,765,919
Metropolitan Life Insurance	5,648,047,196
Prudential Insurance Co.	4,556,085,000
Chase National Bank	3,869,464,000
National City Bank, New York	3,128,264,000
New York Life Insurance Co.	2,987,269,000
Equitable Life Assurance, N. Y.	2,740,635,508
Guaranty Trust Co., New York	2,587,712,000
Pennsylvania Railroad	2,452,661,536
Standard Oil Co., New Jersey	2,202,351,739
Bank of America National Trust and Savings Association	2,143,202,000
United States Steel Corporation	2,045,021,088
New York Central Railroad	1,881,883,298
Continental Illinois National Bank, Chicago	1,864,564,000
General Motors Corporation	1,747,250,191
Southern Pacific Co.	1,586,742,527
Mutual Life Insurance Co., N. Y.	1,541,952,000
First National Bank of Chicago	1,476,687,000
Northwestern Mutual Life, Milwaukee	1,439,890,000
Consolidated Edison System	1,403,618,197
Atchison, Topeka & Santa Fe Ry.	1,344,861,460
Central Hanover Bank	1,337,117,000
Bankers Trust Co., New York	1,326,855,000
Baltimore & Ohio R. R.	1,265,906,720
Union Pacific R. R.	1,250,666,269
Commonwealth & Southern Corp.	1,168,019,473
John Hancock Mutual Life, Boston	1,166,498,365
Travelers Insurance Co., Hartford	1,156,436,403
Manufacturers Trust, New York	1,135,819,000
Cities Service Co. System	1,086,831,666
E. I. du Pont de Nemours & Co.	1,069,399,343
Chemical Bank & Trust Co.	1,048,730,000
Total	\$67,565,206,898

## Spencer at Princeton

Charles F. Spencer, formerly managing director of the Oklahoma Credit Union League, is now a Lieutenant in the U.S. Naval Training School at Princeton, New Jersey. He is assistant head of the navigation department.

Are you buying all the war bonds you can?

IT'S TIME to start mobilizing a powerful army which will fight for a decent peace. I believe that within our four million credit union members and their families and their friends we have the potential shock troops for this army.

The first work I ever did in cooperation with Edward A. Filene had to do with his effort to have the United States join the League of Nations after the World War.

Filene was something of a prophet. He was a profound student of practical economics. He read history. He was extremely well versed by contact with what was going on all over the world. He knew that we would lose all that we had fought the World War to attain if we failed to create some effective machinery after the war which would make a recurrence of the war improbable, if not impossible.

He spent freely of his physical energies and his personal fortune to secure a decent and a lasting peace. He made long, fatiguing trips, spoke from innumerable platforms.

He failed.

Why did he fail?



Here's to Jo Falci!

Employees of the Credit Union National Association and its affiliates are making good in the service. We have a captain and another of our boys, who went in as a private in the first draft, is now a first lieutenant. One of our CUNA Supply boys has just graduated at Lubbock Field, a full fledged second lieutenant in the Air Force and we get letters from Australia and Alaska and all over

## Let's Organize an Army!

By Roy F. Bergengren

Why did the United States attempt, in the face of the staggering evidence of the futility of the process, to withdraw within its national shell and permit all the forces of evil to take charge of the post-war world?

There are many answers.

Some will say that Wilson showed poor judgment in attending the Peace Conference. He made peace-making a political, partisan matter rather than a national undertaking. Some will say that it was a frightful mistake to offend Henry Cabot Lodge, a towering figure in the United States Senate, who, years before, had advocated a League of Nations. Some will maintain that the people were sick of war and wanted out!

Anyway—peace-making, the League of Nations, became a political issue, a football of partisan politics. The

and are very proud of our CUNA forces at the front.

Many BRIDGE readers who have visited Raiffeisen House will remember Jo Falci. Jo handled the switchboard and was our receptionist and everyone who came to visit us or who phoned the office first contacted Jo.

Here's a letter from her which speaks for itself: "I am a happy Waac to-day! I have just been notified by our company commander that my application for recruiting service has been accepted and I will leave Thursday of this week for Fort Des Moines, Iowa. There we will have a week's training in recruiting work and then we will be sent to one of the nine service commanders to do recruiting."

Jo was the only girl from her company of 160 chosen for recruiting work. She hasn't all her insignia as yet so the picture will only give you an idea of how our Jo looks, now that she's in the army.

We're very proud of CUNA's contribution to the armed forces. No wonder Hitler and Hirohito—not to mention Mussolini—are beginning to lose sleep!

—R.F.B.

Republicans came back into power on that issue.

It seems to me that the primary difficulty was to be found in the people—in you and in me and in all the other folks like you and me who, together, constitute what is so often referred to as the "masses of the people."

We had no organized voice. We were not ready to take a leading role in the proceedings. We had no realization of the gigantic issues involved. We were inarticulate and did not know how to protect our own best interests.

Fortunately, the present war, if it had to come, has come within the adult lifetime of men and women who fought and suffered in the World War I. Men now in middle life were participants on many fighting fronts of the World War. They now know how futile was the process of running away from responsibility after the World War. They now comprehend that the ostrich, his head in the sand, is not thereby protected from his enemy.

THIS time we have for our guidance the experience of the post-war period of a decade ago.

What are we going to do about it?

Are the people going to tell the President and the Congress the kind of a peace they want? Are the people going to insist that this peace-making has nothing to do with party politics? Are the people going to become actively belligerent for the kind of a peace that will stick? Are the people, this time, going to have a voice?

What kind of a peace do the people want?

What kind of a peace do you, who are reading this article, want?

It seems to me the issues are very clear, that we have plenty of precedents in our own history.

After the American Revolution, from the time of the demobilizing of the Continental Army until the ratification of the Constitution of the United States four years later, there was a period of chaos. No one of the then free colonies wanted to give up anything to a central government. Colony enacted tariff laws against colony. It looked for a while as if all the fruits of the Revolution were to be lost.

Then the good sense of the people, responding to superlatively good leadership, prevailed. The Constitution was ratified and we became a nation.

We have reached exactly an anal-

ogous state of affairs between nations. The period since the World War is very like the era of chaos after the Revolution. Slowly we have been driven to the realization that nations have common problems which, out of control, lead to inevitable war. These common problems can be solved by international laws, enacted by an international congress—without any nation surrendering any right of self-management. We know that international laws are of no avail without courts to interpret them and police to enforce the decrees of the courts.

So the people have a few simple things they must insist upon as the rewards of victory. May I name a few of them.

(1) An International Congress, originating with the United Nations and open to every nation of good-will.

(2) An international court.

(3) An international police.

(4) Germany, Italy and Japan must become, from a military standpoint, impotent for all time.

(5) Every people must be given the right and the opportunity to develop a sound economic life, capable of producing plenty for all people and happiness for all people.

(6) The United States must play a full part in the program and must remain, for a long time, in close co-operation to attain these objectives with Russia, England and China.

If we can get these six things as the reward of this terrible war—the war will not have been fought in vain.

We can get them if the common man will become articulate.

There are over four million credit union members in the United States and Canada. With their families, they total close to twelve million. They can unite. They can enlist in a new army—an army to demand (1) Victory without qualification; (2) a lasting peace.

Statesmen and politicians and newspaper editors and commentators and columnists and economists and college professors and church men and innumerable other men and women, more or less self anointed to solve the problems of peace, will talk and write and lecture and give radio addresses and make believe that they are all-important in the business of establishing Peace on Earth. But only the people, organized and articulate, can actually bring about Peace on Earth.

We, in the credit union movement, can make the start. We are a sleeping giant. We can awake and assume the leadership which will require of those who serve us that this time they serve us well, that they give us a peace worth fighting for.

## The Wrong Kind of Publicity

Reprinted from the *B.C. Credit Unionist*

A MAN got a job in a small place somewhere in British Columbia and, having some money in hand, was talked into buying a small home by a somewhat unscrupulous real estate man.

Then the man fell out of work, and immediately the owner of the property threatened to put the man and his family out on the street. But one of the credit union members, after some difficulty, got the frightened and dejected man to unburden himself of his worries. If he could not find seventy-five dollars within a short time he was to lose his home. The holder of the mortgage had offered to take back the property by the very simple method of paying one-quarter of the buyer's equity.

The credit union, up to that time, had not gone ahead very much, as the members (and potential members) didn't think that such small deposits as a dollar now and then would ever amount to anything. But when the members of the union had the man's case put up to them, it put them on their mettle. They took the man into the union and immediately subscribed enough in share capital to make him the necessary loan to save his home.

Then one of the officers was delegated to interview the mortgage holder. The real estate man was quite wrathy when approached by the officer, and said it was none of their darned business, and furthermore said bluntly that he thought the credit union was crazy to lend money to

dead-beats. "But, say," he said, "how many members have you got in that union of yours?"

"About a hundred," replied the officer.

"And do you mean to tell me that a hundred of you fellows have been talking about me that way? I don't want that kind of publicity; I want to do the right thing. You go back and tell them I won't take the man's money in a lump. I'll take five dollars a month or whatever the man would have to pay back to the union."

A few days later, one of the merchants, who often takes liens upon the property of his debtors, said to one of his clerks, "Do you know anything about this credit union business in town? I hear that So-and-so tried to put over one of his fast deals, but the credit union turned the tables on him."

"I happen to be the secretary of the credit union," replied the clerk. "We were simply helping one of our members out of a jam, that's all."

"Well," said the merchant, "I can't see anything wrong with that. But I hope I never get talked about in the way they are talking about So-and-so."

Strangely, or perhaps not so strangely, this episode became the turning point in the affairs of the credit union. From a half-dead, meandering union, it became overnight a forceful go-ahead organization full of enthusiasm, and is now one of the most thriving in the Province.

### League Educational Committee

The educational committee of the North Carolina Credit Union League reported to the annual meeting that it had carried out three educational projects: mailed copies of the *Reader's Digest* article, "Three Million Amateur Bankers," to all credit union officers and directors in the State; purchased and made available to credit unions the radio transcription, "Credit Unions, the People's Banks"; placed an order for the credit union motion picture.

### Hampton Institute Students

At Hampton Institute, Virginia, famous Negro college, the Student Loan Association has been reorganized as a credit union. It had operated for seven years as a profit-making organization.

### New Credit Unions

#### In February

Eighteen new credit unions have been reported chartered in the United States during February. By States: California—1; District of Columbia—1; Florida—2; Illinois—1; Kentucky—1; Louisiana—1; Michigan—1; Mississippi—1; Missouri—2; Nebraska—2; Utah—1; Wyoming—2.

### Omaha Chapter Active

The credit union chapter of Omaha, Nebraska, has placed five subscriptions to THE BRIDGE for organizations where credit union prospects may be developed; Omaha University, Creighton University, City Library, Y.M.C.A. and Y.W.C.A. Next year the chapter plans to place subscriptions in the libraries of various high schools.

# Our Town:

## *What about the chronic borrower?*

AFTER the chapter meeting, four of the members felt thirsty and stopped in Lynch's Tavern for a beer. They were Joe Smith, Al Harris, Harry Walker and Fred Davis.

"Boy, I needed that," Fred Davis said. He set down his glass and lit a cigarette.

"You know, Fred," Joe Smith said, "you said something tonight that I didn't quite get. I wonder if you meant it. You said there are some guys that the credit union just can't help. Now maybe you're right, but I wonder how many guys like that there are."

"Don't gang up on me, fellows," Fred said. "But here's what I mean. We get some punks coming into our credit union just to borrow money. We know when they put up their two bits that they just want to borrow money. They don't want to save. The credit union isn't for guys like them."

"Now wait a minute, Fred," said Harry Walker. "Who's the credit union for? Just the guys who save? They can save in the postal savings plan if they want to."

"Don't get me wrong," said Davis. "I know there are some fellows who are down on their luck and need help. It's all right with me to lend them money, as long as they save money while they're repaying their loans. But for the guy who borrows and pays off, then borrows again and keeps getting deeper in all the time, I say the credit union should get rid of him."

"Here's what we do about him. We require him to have five dollars in shares before he borrows. We slap a fine on him whenever he's delinquent. We require him to save something in the credit union every payday. And we try to get him on payroll deduction. We can't force him to do that, but I wish we could. That's the only way you can teach these babies to save their dough."

"How many of these babies have you taught to save their dough?" asked Al Harris.

"Well, I couldn't say, offhand," said Davis.

"Do you know of any of them that have learned to save?"

Davis hesitated. "Well, there must be some," he said.

"There may be some," Al Harris said, "but I doubt it and so do you. Do you know what I'd do if I were one of those guys and you treated me like

that? I'd say you could take your credit union and stuff it down your throat. I'd rather go to a high-rate lender any day, and I'll bet a lot of these guys are doing it."

"You've got to see Fred's point, though," said Joe Smith. "Here's Fred running a credit union. He's practically giving his time. He's helping a lot of people. He sees some people making good use of his credit union and some people making bad use of it. Naturally, he gets sore at the people who make bad use of it."

"Sure, I see that all right," Al said, "but my point is, Fred wants to turn these guys over his knee and spank them. You can't treat them like that: they're too old now. You know, there are some kids you can spank, and the next day they'll bring you a red apple. There's something disgusting about kids like that. We certainly don't want our members to be apple polishers just because we charge low interest rates."

"That's not it at all," said Davis. "You've got it all cock-eyed. These guys need to save money. They don't know how. Some day they're going to wake up cursing themselves because they're in debt and out of work and their kids are hungry. If we can put these guys on payroll deduction and get them to save money, when the rainy day comes they'll be pleasantly surprised to find that they have eight hundred bucks or so in the credit union. Take it from me, boy, they'll be glad. A credit union is to get people out of debt and make them save money."

"You mean, help them save money," said Al Harris.

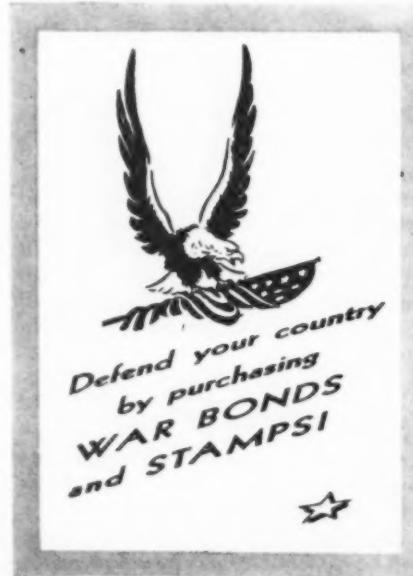
"Let's organize this a little," said Harry Walker. "What kind of members have you got? You've got some who see the credit union as a place to invest a little money. They put in five hundred bucks and leave it there to draw interest. They never borrow. They don't know anything about credit unions. Probably they've got more money than they can spend, or else they're naturally stingy."

"Then you've got some who save when they can. They like to live a full life. They have families, and they try to provide the pleasures of life for them. They know what a credit union is for. When they need money they borrow it. They leave their savings in for the rainy day. They don't get themselves too deep in debt, but on the other hand they don't deny themselves and their children much: they don't keep worrying about what might happen day after tomorrow."

"Then you've got these chronic borrowers that Fred is worried about. They never save a cent unless they're forced to. Probably year after year they get deeper into debt. They're not necessarily the lowest-paid in the membership either. They get some kind of pleasure out of getting rid of their money as fast as it touches them. It burns holes in their pockets. There are probably a lot of psychological angles to these guys: they're probably trying to forget something, like the fact that they don't get along very well with their wives or something. The problem is not that they are incapable of understanding a budget, but that they don't want to bother."

"Now the middle group, that saves what it can and borrows when it needs to, is the backbone of the credit union. That's the group that knows how to use the credit union. And incidentally, that's the kind of people who are living in a way that makes possible a high standard of living: they don't hoard, and they don't tie up their money in useless interest payments. They hit the happy medium: maximum turnover of money, least waste. That's the kind of members we want and the kind of people the country needs."

"The first group is a problem, but not a serious problem. People like them used to hide their money under the mattress. Some still do, and they're a social liability. Fortunately, the money our hoarders put in the credit union is put to good use. It keeps turning over and helping to grease the economic machinery in spite of the fact that the people who own it don't use it. These people aren't getting the most out of life, and



they don't know how to use their credit union, but I'm not worried about them.

"Then finally we have the chronic borrowers."

"Most people come in somewhere between," Joe Smith objected.

"Yes, they probably do," Walker agreed, "but when you have these three types clear you can begin to think about the people who are a mixture."

"Now in taking care of your chronic borrowers, you can treat them like infants or you can treat them like adults and equals. If you treat them like infants, maybe you act like an indulgent parent or like a stern parent. If you are indulgent, they will get in deeper and deeper. A loan company is indulgent as long as it thinks it can make money that way; after that it cracks down. If you are stern, they will be offended and go some place else where people are nicer to them. Or you can try being a sensible parent—neither indulgent nor stern, but friendly, understanding and intelligent. You can point out their mistakes without being superior about it. In other words, you will treat them like adults, just as any sensible parent treats his children as much like adults as possible—giving them as much responsibility as possible and not getting sore at them because they make mistakes."

"You're talking kind of paternalistic," said Joe Smith, "not as much as Fred, but some, and I don't like it," said Joe Smith. "The government is getting more and more paternalistic all the time. The way these government economists talk, all you have to do is vote for the right guy and they will automatically set up the machinery to take care of all your problems. All you have to do is work eight hours a day and let them do your thinking for you. The first thing we know, we won't have to think about saving money; the government will deduct it from our pay and hand us the cash when we're sixty-five. I think it's demoralizing. It makes men into babies."

"I'm not really talking paternalism," Walker said. "I'm talking about a professional relationship. It's kind of like being a doctor or something: if you're on a credit committee, passing on loan applications, you're automatically in a position of authority; you've got to use your authority wisely. You've got to say yes or no, and you've got to have reasons for what you say. The big job is to have good reasons for your decisions, not petty reasons. Professionalism means you give the same treatment to the

guy you like and the guy you don't like.

"How does a doctor handle his authority? His patients come to him for advice. He tells them what treatment will help them, but the responsibility for following his advice is up to them. If he gets a patient who ought to cut out smoking, he tells him so. He can't force him to do it; all he can do is tell him what's wrong with him and what will happen if he keeps on smoking. The patient has the right to choose. If the patient decides he'd rather go on smoking and possibly shorten his life by a few years, the patient has a right to do it.

"Paternalism is something we don't like, because it means keeping all the responsibility instead of sharing it. I think we are kind of in a position of authority with regard to these chronic borrowers, but I think we should try to get them to share as much responsibility as possible. In other words, I don't think we should force them to save as they pay back on loans; I don't think we should force them to go on payroll deduction; I don't think we should treat them like bad boys. I think those things are bad for them and bad for us and bad for the credit union."

"You still don't get my point, though," said Fred Davis. "Look, here's a guy who can't save money. Last year he owed us five hundred dollars; now he owes us seven hundred dollars. God knows how much he owes other places. Some day he's going to lose his job or be sick or something. Then he's going to find he's got eight hundred dollars in the credit union. That eight hundred is going to make a lot of difference to him, and it's there just because we got tough and made him save."

"That eight hundred bucks may keep the guy off relief and save money for the taxpayers. It's like this patient who ought to quit smoking. Maybe he goes on smoking; maybe he has a heart attack; maybe he dies and leaves his wife and kids as public charges. Something ought to be done about it."

"Well," Walker said, "there's always the question how much you can do for people by law. This country tried prohibition once, and we found that you couldn't stop people from drinking: there was graft, there were bootleggers, there was a whole system of organized crime built up on a law that was, in a way, a noble experiment. Everybody knows that some guys drink more than they should. They cost the taxpayers money every time they get arrested for disorderly conduct; they create

misery when they come home drunk on payday and beat their wives. But it cost the taxpayers even more money to try to enforce prohibition, and the misery that came out of organized bootlegging was terrific.

"Nobody thought about getting at the reasons why people drink too much, just as you're not thinking about getting at the reasons why people borrow too much. You want to help these people in spite of themselves; I just want to help them. I don't think you can help people in spite of themselves."

"You've got something there," said Al Harris. "Take this guy that Fred wants to help. He comes to the credit union for a loan. Fred gives it to him and makes him save two dollars every payday. He's probably got a lot of other debts already draining his pocket. The extra two bucks is another drain. Even while he's paying off the loan he got from Fred, he's probably accumulating other debts. What we're supposed to do is get him to organize all his debts, consolidate them with us and pay them off on terms he can manage."

"All right," said Davis, "but why not get him to save his money at that point?"

"It's all right if he wants to do it," said Joe Smith. "You can always say to him, 'Look, Pete, now you're in the clear for once. Why don't you try saving some dough for a change?' But if you say to him, 'We're granting you this loan on condition that you save some money,' then you're forcing him and he'll resent it. You're not helping him, you're coercing him. He'll never learn that way."

"I'm still thinking about that money that he's saved up and how glad he's going to be some day that he's got it, even if we did force him to save it," said Davis.

"I'm still thinking," said Walker, "that while he's been saving that money, he's been running up bills somewhere else. You may have forced him to save some money; but I think your attitude has also driven him to take on obligations elsewhere, whether you like it or not."

"You can't prove that," said Davis.

"That's right, I can't," said Walker. "The only way anybody can prove anything is by getting the facts. But I'll tell you one thing, you'll never get the facts about your members as long as you're hardboiled with them."

"I'll tell you another thing," said Joe Smith. "You'll never get the facts by paternalism."

"All right," said Harry. "Joe doesn't like paternalism. Neither do I. I'm going home."

# Our Readers Write—

## "Payroll Deductions Don't Make Us Lazy!"

To the Editor:

It was with extreme interest that I read your article titled "Pros and Cons of Payroll Deduction." We have had the payroll deduction plan for only four months; however, I would like to offer my own comments as a result of our experience.

Before the payroll deduction plan was instituted, members would visit our office at lunch time, rest periods, before and after regular working hours, just to make payments on shares and loans. Usually there were several others who wanted to make new loans or sought information. All would wait their turn in line, thus depriving themselves of time allotted for other purposes. The payroll deduction plan has eliminated this unpleasant waiting. We now have more time to devote to members who wish to make loans and those who seek information regarding credit union services.

The payroll deduction plan does not make our credit union seem like a commercial enterprise; we offer the same services that we did before adopting this plan, except deductions are made from the payroll. Our members can choose whether they wish to participate in this plan or not. We recommend to the member making a loan that he sign an authorization to make payroll deductions; however, we do not stress it as compulsory. Ninety-nine out of a possible one hundred will be in favor of signing up, the other one will hesitate for weeks and then reluctantly, will sign too, and usually returns in a few weeks to tell us what a fine plan it is.

I cannot see how members can think that the company is running the credit union just because we adopted this plan, unless they thought so before. We try to educate our members so that they will think along the lines that the credit union has no connection whatsoever with the company, and from our experience with them, we feel that they believe the credit union operates apart from the company. All members who participate in this plan are instructed that they may notify the treasurer any time before the payroll is made up if they do not wish a deduction made in that week and we will not make the deduction. They are also told that the list of deductions turned in to the payroll department does not show how the money is applied. This

is done by the credit union afterwards to insure secrecy. Further, we also boast that no one, outside of the credit union officers, knows about any loan made to a member, unless the member stated so himself. Our records are strictly confidential and that means no one outside is permitted to look at them. Officers of the company have no more right to look at these records than our regular members as stated in the by-laws. And we are happy to say that the management has confided that they do not want to know about any member, because they are confident that our credit union officers are capable of handling its own affairs. We try to be honest with our members and expect them to do likewise, and we make it a point to spread this thought.

The payroll deduction plan makes very little extra work for our payroll department. We have so many other deductions now, that one more does not make much difference. Last month our company bought a payroll machine which makes all the deductions automatically. This machine had mechanical trouble twice in that time and we had to write up the payroll on the old peg board system and I might say that it was not much more work than operating the machine. One method is as good as another, and the management does not care about one more deduction.

Mr. Con states that the deduction plan doesn't develop a sense of financial responsibility in members. I cannot understand just what he expects the plan to do. It is just a manner of handling your collection problems. Most members who reach the working age have had enough experience along these lines to realize financial responsibility. As to Mr. Con's rebuttal, we serve both, members who wish to use the payroll deduction plan and those who do not, and I think any credit union would do likewise. This new plan does not make officers lazy, but gives them more time to do constructive credit union work. We are always striving to give our employees the best service possible whether members or not. We feel that some day they will eventually all be members of our credit union.

WM. M. HUMMEL,  
Chicago.

## Opposes New Deal

To the Editor:

After reading the March issue of the BRIDGE magazine, I was deeply con-

cerned about your editorial regarding the outcome of this nation after the war is over. You speak frankly as to why the New Deal should be continued in office. As freedom of speech and the press, everyone has the right to his own belief. That is everyone's guardian of the American way of life. Let us analyze the New Deal and explore into some of the things that make up this fantastic government.

First of all, let's remember there is a war going on and we've got to win it. We will win it. Second, let's forget about Europe for the time being and stay in our own back yards for a moment. Third, before this war, what did the New Deal do for the preservation of this great Republic? It's a long story, and I regret that I cannot at this time go into all of the details.

The New Deal philosophy in my little black book is to get votes on election day, no matter what the cost may be. And "God knows the cost has been terrific—to the tune of billions of dollars," of which you and I are now being compelled to pay back in the form of taxation. You and I will never live to see the day when this great debt will be paid off. I cannot agree with you that the New Deal should be returned to power.

Let me illustrate why—for example. We citizens in Pennsylvania had in power for four years, a so-called "little new deal," under the leadership of Governor George H. Earle, a new dealer, who got lost in the great shuffle. The people did not make the same mistake twice. Under that leadership, the tax payers were forced to clean house and pay off 82 millions of dollars of debt. Under a new leadership, the debt was paid off, and we Pennsylvanians have balanced budgets, and taxes are going to be reduced 100 million dollars this year. Our state is now free from debt. We have had nothing but a good business-like administration ever since. And that is what we Americans are striving for—Honesty and Efficiency in Government.

And how can good government be restored to our nation? Only by efficiency and economy in all hands of the government. Stop this vast spending spree by bureaucrats, let's rid the Federal payroll of jobholders who are not doing a day's work for a day's pay. Let Congress make the laws, they are our representatives in government. Congress and no one else will ever bring back the kind of good Government the people so desire. So let's us as good Americans, elect to office the right kind of public servants on elec-

tion day. This is our duty as citizens of this great nation.

Allow me to state briefly about the Federal Credit Union of which I am a member. Serving within the capacity as Director for our school credit union, I have been a director almost four years and I believe in this movement. It's a mighty fine organization and serves its purposes well, but I do not believe that we should inject politics towards this great cause. Serving our members is our chief goal, and our only ambition. Let us not make this mistake, and let us, the citizens of America, serve the Credit Union cause.

Edwin R. Liedkte,  
McKeesport, Pennsylvania.

### The Credit Union Way

If you would help your fellow men,  
I've only this to say:  
I know no better medium than  
The credit union way.

You can save and you can borrow  
When you've many debts to pay;  
Do not linger till tomorrow,  
Use the credit union way.

You will learn cooperation  
And the dawning of the day  
Of financial liberation  
In the credit union way.

You will learn to love your neighbor,  
All suspicion you allay

When you learn to live and labor  
In the credit union way.

Inasmuch as ye have striven  
To work and hope and pray,  
Tis the message Christ has given,  
Tis the credit union way.

A. L. Nicholas,  
British Columbia Credit Union  
League.

### Soliloquy of the Dead of World War I

Is it for naught we are the dead,  
Is it for naught hell's murk we tread,  
Is it for naught our blood ran red  
In France just yesterday?

We wonder, was it all in vain—  
The hardships, heartaches and the  
pain  
When our own sons must do again  
What we did yesterday?

We were like them—with purpose true  
And will and fight to see it through.  
We carried on just as they do  
On battlefronts today.

Our souls their souls with joy will  
meet  
If after days of marching feet  
The world in fellowship will greet  
Eternal peace tomorrow.

Wilma Erickson Schuster,  
Madison, Wisconsin.

## They All Like Loan Protection

LETTERS received by Cuna Mutual Insurance Society show that loan protection insurance is generally felt to be a splendid credit union service. An Ohio credit union writes:

"We want to thank you for your recent check covering our claim resulting from the death of \_\_\_\_\_.

"When we purchased this protection we never thought that we would have to file a claim. Yet less than ninety days after our protection began, one of our borrowers, whom we all thought to be in the best of health, died and you paid the claim promptly.

"This is just one example of what is being done by cooperation through the credit union movement. We are proud to be part of such a movement."

A credit union in Massachusetts, in acknowledging payment of a claim, writes:

"May we send our appreciation in the promptness on the part of your office. Were we local concerns the service could not have been any quicker. When our board of directors endorsed loan protection, we believed it was one of the most beneficial bene-

fits possible for our members. This belief has been both confirmed and strengthened. The low cost amazes us."

And a credit union in North Carolina, in discussing a member whose death had involved payment of a small loan, remarks:

"It happens that this same member had financed a refrigerator about the same time in the amount of \$726. The amount due on that to a finance company at her death was \$290. The fact that her credit union account was protected and the other was not, has created interest within her family circle."

A credit union in British Columbia is so impressed by the value of loan protection that it has amended its by-laws to assure members of continued insurance protection. The treasurer writes:

"The need for loan protection and life savings insurance is significant; this is our second claim within a year and both deaths were accidental. Our first claim for loan and savings insurance was occasioned by the drowning of one of our members while on vaca-

tion, the second claim by one of our members running the engine of his car in order to warm it to prevent freezing overnight. The doors of the garage were closed; result, carbon monoxide poisoning. Both these members were young with never a thought of death.

"As many of our members are putting their savings into the credit union for the added insurance protection, our directors felt that this feature should be assured for the members.

"While the present directorate realize the importance of this insurance and would not countenance any proposal to deprive the members of this benefit, the previous set-up was such that the directors could at any time cancel this insurance. Accordingly at our annual meeting the following resolution was presented and unanimously approved:

"That the Constitution and Rules be amended by adding the following rule number 91: "Savings and loan insurance carried by this credit union shall not be cancelled or its benefits diminished except by a resolution of the members at the annual meeting or a special general meeting called for the purpose."'"

All these letters were received by Cuna Mutual during February.



You buy insurance to be reimbursed for losses. Your right to prompt payment of claims is conceded by Employers Mutual and prompt claim settlements is one of the outstanding features of our automobile insurance service. Get our proposal.

**Employers  
Mutual**

LIABILITY INSURANCE COMPANY  
OF WISCONSIN  
HOME OFFICE: WAUSAU, WISCONSIN  
Offices in Principal Cities of the United States  
Consult Your Local Telephone Directory

# *Don't Feel Embarrassed When You Ask a Friend To Be a Co-maker*

If your Credit Union has Loan Protection Insurance, you know that your friend will never have to pay your loan.

Loan Protection Insurance covers your loan against the possibility of your death or permanent disability before the loan is paid. CUNA Mutual Insurance Society pays the loan in full, whether or not it is delinquent.

Your co-makers, your wife and children are protected against having to pay the loan out of their pockets. Your life insurance goes in full to your family. If your Credit Union doesn't insure loans, ask about it.

Write for our free leaflet on LOAN PROTECTION.

There is No.  
War Clause in  
our contracts!



## Kansas Meeting Streamlined

A streamlined one-day annual meeting of the Kansas Credit Union League met with marked success March 6. Educational sessions were organized around a theme: "How the credit union produces for war and peace." Group discussions specializing in the problems of credit committees, supervisory committees and educational committees were related to the major theme and followed by reports from each group to the general meeting. A panel discussion, featuring four credit union experts, completed the subject. This made up a morning, with the afternoon given over to business sessions and the evening to a banquet.

The Kansas Credit Union League, which has shared with the Nebraska League on a fifty-fifty basis the services of managing director James Barry, has voted to put Barry in the budget for eight months instead of six, thus helping out the Nebraskans, whose income has suffered lately.

## From the Secretary of the Treasury

March 22, 1943.

Dear Mr. Reid:

With the thought that members of your association might have funds available to invest in United States Government Securities, I would appreciate it if you would call to their attention the several attractive issues to be offered in the second war loan drive, which opens on April 12. As you undoubtedly know, the Treasury has set a goal of thirteen billion dollars for this drive, of which it expects to obtain at least eight billion dollars from sources outside the commercial banking system.

The securities to be offered are designed to fit the investment need of every type and class of investor. We are particularly anxious, however, to obtain the investment of surplus funds which, because of war conditions, corporations, institutions and others, are unable to utilize in the normal conduct of business as well as the current income of individuals, corporations, and others, who are benefitting from some form or other of war activity.

We earnestly solicit your cooperation in impressing upon your members the importance and magnitude of the Treasury's task, and the necessity for the widest possible public participation in this drive, as evidence of our wholehearted support of the men in our fighting forces.

Sincerely,

Henry N. Morgenthau, Jr.

THE BRIDGE—April, 1943

# How to Develop Informed Officers and Members

## *From A Rhode Island Credit Union*

Thank you for the help you have given us in organizing a Credit Union Library. Most of our officers and committee members have read and thoroughly enjoyed the books and pamphlets that we purchased through your suggestion list. At your earliest convenience will you kindly forward us the following:

### BOOKS

- "The War and After" (Bergengren and Doig)—1 copy
- "Speaking of Change" (E. A. Filene)—1 copy
- "You Pay and You Pay" (Goldman)—4 copies
- "The People's Business" (J. K. Bolles)—1 copy
- "The Lord Helps Those" (B. Fowler)—1 copy

### PAMPHLETS

- "Credit Unions, the People's Banks" (Stewart)—12 copies
- "Credit Union" (O'Hara)—12 copies
- "Co-operative People's Banks" (Desjardins)—12 copies
- "How Easy Are Easy Payments?" (Foster)—12 copies

### LEAFLETS

- "Three Million Amateur Bankers" (McDermott)—100 copies
- "When Consumers Run Their Own Bank"—100 copies
- "Slaying the Debt Dragon" (Brentano)—100 copies
- "The Power of Fifty Cents" (Orchard)—100 copies

**Order from your State Credit Union  
League if it handles supplies, or from**

**CUNA  
Supply Cooperative  
MADISON, WISCONSIN**

### **Can Accounting Forms Be Streamlined?**

We cannot streamline a piece of paper, but we can streamline the forms you use every day in your credit union and we are doing just that.

Standardization and streamlining go hand in hand. We are standardizing our forms wherever possible. This is being done for you. You will welcome fewer and more efficient forms.



## Credit Union Movie Ready!

"The Credit Union—John Doe's Bank" received its premiere showing in Madison, Wisconsin, Friday, March 19. Close to four hundred Madison credit union people attended and reacted with enthusiasm. The sound-color version of the credit union picture was shown four times during the evening, coupled with the RAF film "Target for Tonight."

"The Credit Union—John Doe's Bank" is now available for general use. Produced by the Credit Union National Association and the Harmon Foundation of New York, it tells in twenty-seven minutes the story of credit unions in the United States—what they are, how they operate, who belongs to them. The emphasis is as much as possible on people—credit union members, credit union officers.

The film is ready in four combinations: color and sound, color without sound, black-and-white with sound, black-and-

white without sound. Rental fees for one showing and sale prices on individual prints follow:

Version	Rental	Sale Price
Sound-color .....	\$10.00	\$225.00
Silent-color .....	7.00	180.00
Sound-black-and-white .....	6.00	156.00
Silent-black-and-white .....	4.00	75.00

The fee for weekly rental is three times the fee for individual showing. For monthly rental fee, multiply individual showing fee by 10. The film is, of course, 16-millimeter.

Rentals and purchases will be handled by the Harmon Foundation, 120 Nassau Street, New York City. For further information, write to Cuna Educational Services, Raiffeisen House, Madison, Wisconsin.